

~~TOP SECRET FROTH~~1954 HARVEST PROSPECTS IN THE SOVIET ORBIT*
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The Orbit will probably be unsuccessful in its present efforts to achieve an increase in agricultural output. The present outlook is that the total harvest of the USSR and East European Satellites will be no larger than that of 1953, a relatively poor year. In China, the second-worst floods of the century may reduce total food output 8 to 9 percent below last year's level. This will probably cause famine in some areas of China, and may result in failure to fulfill Five-Year Plan goals for industry as well as agriculture.

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Faced with expanding domestic agricultural requirements unmatched by increases in production, the USSR and the Satellites will probably continue the shift of their exports to the West from the traditional agricultural goods to such commodities as petroleum, manganese, chrome, precious metals and manufactured goods. The inability to resume exports of foodstuffs to Western Europe may be expected to hinder a permanent large-scale expansion of trade with that area.

Prospects for the yields of major crops in the USSR vary from somewhat below to about the same as 1953. Even this year had been below the 1935-1939 average. According to preliminary estimates, the Soviet grain harvest will be about equal to last year's, which was the lowest since 1949. The below-normal crop yields expected in the western USSR should be just about offset by the successful expansion of output on the "new" and reclaimed lands of Kazakhstan and Siberia.

The Ukrainian grain crop has suffered from a major summer drought, climaxing a poor 12-month period. Agricultural officers of the American embassy in Moscow estimate that Ukrainian crop yields will not exceed two thirds of average. In the Lower Don-North Caucasus and in the central European USSR areas, the prospective grain yields are believed to be about the same as last year. Growing conditions have been generally good in western Siberia and northern Kazakhstan, the regions most affected by the program for the expansion of grain acreage initiated this year.

In order to maintain grain consumption at last year's level the regime will have to release significant quantities of grain from reserves. The new agricultural program will probably be continued at full throttle to reduce the dissatisfaction of the population over not receiving more food, especially quality foods such as livestock products. Evidence of this is already available in the recent expansion of the "new lands" program.

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For the European Satellites, this year is the third of the past six that crop yields have been under the low postwar average. The 1954 harvests of bread grains, oats, barley, early vegetables, and fruit will probably be less than 1953. Warmer weather during the latter part of August and September is needed to raise yields of corn, root crops, late vegetables, and oil seeds over 1953 levels.

Drought last fall, the lack of winter snow cover, a late spring, and heavy rains in early July adversely affected agricultural output. An expected shortfall in harvest of the major crops will cause failure in the first year of the program to raise agricultural production. This failure will result in shortages of meat, animal fats, and possibly bread for most areas during the spring of 1955, and possible further food rationing in the Satellites. As a whole, the Satellites will again be net importers of food.

In China, severe floods probably will cause agricultural output to be below normal. From 6,000,000 to 8,000,000 hectares have been flooded in the Yangtze River Basin and 2,000,000 hectares in the Huai River Basin, resulting in a loss of 12,000,000 to 15,000,000 metric tons of food crops. This loss, however, is partially offset by a good winter crop. In addition, the crop prospects for the upper North China plain and Manchuria appear better than in 1953. Thus the net food production in 1954 will probably be 9,000,000 to 12,000,000 metric tons (8 to 9 percent) below 1953.

The springs of 1953 and 1954 witnessed localized famines in various areas of China. The problem of famine is almost certain to recur and will probably be at its worst in the spring of 1955. This will be an especially acute problem as the flood areas are normally surplus food areas.

The Chinese goal of building a strategic emergency reserve of 16,000,000 to 20,000,000 tons of grain by 1957 is one more year nearer failure. Any curtailment of exports or any imports to assist in feeding the population will increase payments problems for industrial goods imports.

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